

AGRICULTURAL DEVELOPMENT AUTHORITY[25]

Adopted and Filed Emergency

Pursuant to the authority of Iowa Code section 175.6, the Agricultural Development Authority hereby amends Chapter 6, “Beginning Farmer Tax Credit Program,” Iowa Administrative Code.

The definition of “Eligible applicant” in rule 25—6.1(175) is being amended. The initial rule making for this program tied this definition to the definition found in 2006 Iowa Acts, Senate File 2268. This definition limited an eligible beginning farmer to a maximum net worth of \$300,000. During the 2008 legislative session, this net worth was raised to \$500,000. It is believed that due to the nature of the tax credit program, the maximum net worth should remain at \$300,000 at this time. Beginning farmers utilizing the program have lower capital requirements than the loan program and therefore the lower net worth maximum is appropriate.

In subrule 6.5(1), the lease limitations are further expanded. This amendment will limit modifications that are permissible to earlier approved leases with the program. Only changes needed due to life-changing events by either party will be permitted. Any changes that would result in an increased cost to the State of Iowa will not be permitted. This amendment will close a potential loophole that might have allowed for misuse of the program. Several participants had attempted to materially change the original terms of a lease before its expiration. The intent of the legislation was to require a two-year to five-year lease term, so the beginning farmer participant had fixed lease terms to operate during the lease. Allowing arbitrary changes during the term of the lease violates this intent.

Pursuant to Iowa Code section 17A.4(3), the Agricultural Development Authority finds that notice and public participation are unnecessary because the Authority is entering a peak time for new applications and potential changes to leases. By implementing these amendments on an emergency basis, the Authority will be able to implement the changes during this peak time and ensure that potential problems have been addressed.

Pursuant to Iowa Code section 17A.5(2)“b”(2), the Agricultural Development Authority further finds that the normal effective date of these amendments, 35 days after publication, should be waived and these amendments be made effective upon filing, as they confer a benefit upon Iowa’s low-income and beginning farmers.

These amendments are intended to implement Iowa Code chapter 175 as amended by 2006 Iowa Acts, Senate File 2268.

The Authority adopted these amendments on November 25, 2008.

These amendments became effective February 19, 2009.

The following amendments are adopted.

ITEM 1. Amend rule **25—6.1(175)**, definition of “Eligible applicant,” as follows:

“*Eligible applicant*” means an individual who ~~is a beginning farmer as defined in Iowa Code section 175.12~~ has a net worth of less than \$300,000 and who satisfies all of the criteria contained in 2006 Iowa Acts, Senate File 2268, and provisions of these rules relating to recipient eligibility, and who operates or will operate a farm.

ITEM 2. Amend subrule 6.5(1) as follows:

6.5(1) Either the beginning farmer or the taxpayer shall immediately notify the authority of any material changes in the agricultural assets transfer agreement. The authority shall act upon these changes pursuant to 2006 Iowa Acts, Senate File 2268, section 2. Material changes cannot result in an increase in the original tax credit amount approved. Death of a party to the lease, divorce, or sale of the property

will be considered eligible material changes. Sale of the property will be considered only if the original lease terms remain in effect and the asset purchaser is determined to be eligible for the program.

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